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May 4, 2017

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

MAY 4 2017

DOCKETED BY  


RE: APS 2016 Rate Case  
Docket No. E-01345A-16-0036 & E-01345A-16-0123

Attached please find the Declaration of Barbara Lockwood in the above-referenced matter.

If you have any questions, please contact me at (602)250-3341.

Sincerely,



Kerri A. Carnes

KC/ac  
Attachment



**Barbara Lockwood**  
Vice President  
Regulation

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PO Box 53999  
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Barbara.Lockwood@aps.com

May 2, 2017

### **Declaration of Barbara Lockwood**

To supplement my filed settlement testimony, I provide responses to Commissioner Burns' questions filed on April 24, 2017. The responses below are notwithstanding the objections that APS filed on April 26th, 2017 and are not intended to waive those April 26th objections. In addition, APS objects to each question that seeks disclosure of contributions by individuals as being violative of rights of privacy, free speech and due process. My responses are the same as I would provide if these questions were asked of me on the stand and under oath.

1. *Please describe all forecasting, estimating or budgeting Pinnacle West does for the following categories of costs or expenses:*
  - a. *Support of political activities, including contributions for or spending on election campaigns or any other type of expenditure, contribution or support contemplated in the Pinnacle West Political Participation Guide;*
  - b. *Marketing efforts for APS or for Pinnacle West;*
  - c. *Lobbying activities;*
  - d. *Contributions, donations or support of charitable events or organizations; and*
  - e. *Contributions or donations to, support of, or sponsorship of civic or community events or public spaces or venues.*

**RESPONSE:** Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. Additionally, APS has not included any expense for any political activity, lobbying, donations or other charitable contributions in its test year expense. This has been verified by ACC Staff in their rate case testimony.

2. *Please describe all forward-looking statements that Pinnacle West makes internally or published externally including all:*
  - a. *Revenue forecasts or estimates;*
  - b. *Earnings forecasts or estimates;*
  - c. *Net income forecasts or estimates;*
  - d. *Dividend forecasts or estimates;*

- e. *Return on equity forecasts or estimates; and*
- f. *Any corporate growth-related forecasts.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

3. *Please describe who participates in calculating any of the forward-looking statements described in your answers to the foregoing questions, and explain:*
- a. *Whether they work for APS, Pinnacle West or both, or whether they are a contractor or consultant;*
  - b. *What their title is, and what department, company business they work for; and*
  - c. *What role they have in calculating any of the forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

4. *Please describe who is involved in approving the forward-looking statements before they are released or used.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

5. *Please tell us where the worksheets or calculation data used by Pinnacle West in calculating its forward-looking statements is kept, and in what format it is kept.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

6. *Please describe in detail how Pinnacle West, APS or their agents develop and/or calculate each of the types of forward-looking statements it makes or uses, including all:*
- a. *Revenue forecasts or estimates;*
  - b. *Earnings forecasts or estimates;*
  - c. *Net income forecasts or estimates;*
  - d. *Dividend forecasts or estimates;*
  - e. *Return on equity forecasts or estimates; and*
  - f. *Any corporate growth-related forecasts.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. To the extent that APS assesses future revenues, it considers expected levels of electricity sales on current rates in effect adjusted for any known rate changes due to the routine update of annual adjustor mechanisms. Expected sales levels are determined by the pace of economic growth, the number of new customers, the impacts of the Company's energy efficiency programs, the number of new distributed generation installations, and other customer usage behavioral trends. APS's IRP contains more information about the development of these forecasts.

7. *Please describe how Pinnacle West accounts for costs or expenses Pinnacle West anticipates having during the time period covered by each forward-looking statement in calculating the figures used in each forward-looking statement.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

8. *Please describe specifically how Pinnacle West accounts for costs or expenses Pinnacle West anticipates having for marketing of either Pinnacle West or APS when developing forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

9. *Please describe all elements of cost or expense (including actual, estimated or budgeted costs or expenses used by Pinnacle West or their agents in developing any forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

10. *Please describe specifically how Pinnacle West accounts for costs or expenses Pinnacle West anticipates having for marketing of either Pinnacle West or APS when developing forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

11. *Please describe specifically how Pinnacle West accounts for costs or expenses Pinnacle West anticipates having for support of political activities, including contributions for or spending on election campaigns or any other type of expenditure, contribution or support contemplated in the Pinnacle West Political Participation Guide when developing forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

12. *Please describe specifically how Pinnacle West accounts for costs or expenses Pinnacle West anticipates having for lobbying activities when developing forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

13. *Please describe specifically how Pinnacle West accounts for costs or expenses Pinnacle West anticipates having for charitable contributions, donations or support when developing forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

14. *Please describe specifically how Pinnacle West accounts for costs or expenses Pinnacle West anticipates having for contributions or donations to, or support of, civic or community events or activities, or of civic or public spaces or venues when developing forward-looking statements.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

15. *Please identify all documents or records, or sources of information or data, at Pinnacle West or APS, or in the possession or control of their contractors, vendors, advisors or consultants, which includes any reference to costs or expenses in connection with calculating any forward-looking forecasts for Pinnacle West.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

16. *Please describe in detail how Pinnacle West's forward-looking statements are considered or used in developing APS's rate requests.*

RESPONSE: APS does not use Pinnacle West's forward-looking statements in developing APS's rate requests.

17. *Please describe in detail how Pinnacle West calculates its forward-looking statements when it is anticipating a rate request proceeding to be completed during, or immediately before, the period covered by the forward-looking statement.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

18. *Please describe specifically what estimates or calculations of income or revenues Pinnacle West uses when it creates its forward-looking statements for periods expected to follow completion of an APS rate request proceeding.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore this information is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

19. *Please tell us what service rates Pinnacle West or APS use in developing forward-looking statements for periods they expect to follow conclusion of a rate request proceeding.*

RESPONSE: Please see the response to question 6.

20. *Please identify all expenditures made by Pinnacle West or APS between January 1, 2012 and the present for:*

- a. Campaign or election-related expenses;*
- b. Support or conduct of political activities;*
- c. Support of or contributions to groups or persons engaged in political activities;*
- d. Support of or contributions to any independent expenditure groups or organizations involved in any political activities;*
- e. Marketing for APS or Pinnacle West;*
- f. Charitable donations or support of charitable groups;*
- g. Support of or participation in civic events;*
- h. Sponsorship of civic or community events or branding on buildings or venues;*  
*or*
- i. Lobbying activities.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS has not included any expense for any political activity, lobbying, donations or other charitable or civic contributions in its test year expense, and any expense that may have occurred outside the test year is not relevant. As indicated in our response dated April 17, 2017 to Commissioner Burns letter regarding the settlement agreement dated April 11, 2017, APS incurred \$3.6 million in advertising expenses in the test year 2015 and included \$2.5 million in our rate request.

21. *Describe all officers, employees, contractors or consultants of APS or Pinnacle West who were involved in or responsible for any expenditures, contributions or donations to any campaign or election matter or for any political activities between 2012 and the present.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS encourages employees to participate in the Pinnacle West Political Action Committee and APS employees may make personal contributions. APS has not included any expense for any political activity, lobbying, donations or other charitable contributions in its test year expense, and any expense that may have occurred outside the test year is not relevant.

22. *Please describe how you decided in 2012 through 2016 whose campaign or election matter you were going to contribute money or other support to, and please describe:*

- a. All persons, whether employed by APS or Pinnacle West or by a third party, who participated in the process by which Pinnacle West decided in 2012-2015 whose campaign to contribute money to;*
- b. What role each person had in making the decision(s); and*
- c. What consultation or interaction any such person(s) had with any candidate, campaign, campaign manager or committee, campaign vendor, contractor or consultant, or any friends or family of any candidate.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. Additionally, APS has not included any expense for any political activity in its test year expense, and any expense that may have occurred outside the test year is not relevant.

23. *In making any expenditures, contributions or donations for or in support of any campaign or election matter, or for any political activities, did Pinnacle West or APS hire, contract with, pay or utilize any person or entity who was not an employee of Pinnacle West or APS to have contact with or communicate with any person(s), campaigns, or political activities groups who were benefitted (directly or indirectly) by Pinnacle West's expenditures, contributions or donations?*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. Additionally, APS has not included any expense for any political activity in its test year expense, and any expense that may have occurred outside the test year is not relevant.

24. *If your answer to the last question was "yes", please identify all such person(s) or entities used, and:*

- a. State their relationship to APS or Pinnacle West;*
- b. Identify precisely what they were hired or used to do;*
- c. State what you paid them to perform such services; and*
- d. Identify all persons, groups, campaigns, campaign officials, campaign committees, candidates, or friends or associates or candidates they communicated with while being paid by APS or Pinnacle West.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. Additionally, APS has not included any expense for any political activity in its test year expense, and any expense that may have occurred outside the test year is not relevant.

25. *Identify all persons employed by or whom are officers of APS or Pinnacle West who have ever met or communicated with any of the Commissioners who currently hold office for the Arizona Corporation Commission, and, for each such person:*

- a. State the date(s) on which they communicated or met with any of the Commissioners (including all times before such Commissioner was elected);*
- b. Describe in detail the purpose for each meeting or communication; and*
- c. Describe all persons involved in the meeting or communication.*

RESPONSE: This question is very broad and virtually impossible to answer. In the normal course of business, APS, as the state's largest utility, regularly communicates and meets with Commissioners, just as all public service corporations in Arizona do from time to time. These meetings comply with all applicable rules, and are designed to keep Commissioners informed of customer service, safety, operational, and reliability-related issues, as well as provide information on current industry developments.

26. *Did you contribute, donate or pay monies to any independent expenditure groups that could be used in support of the 2014 Arizona Corporation Commission elections?*

RESPONSE: APS has not included any expense for any political activity in its test year expense.

27. *If so, who did you make any contributions, donations or payments to?*

RESPONSE: APS has not included any expense for any political activity in its test year expense.

28. *How much were the contributions, donations or payments?*

RESPONSE: APS has not included any expense for any political activity in its test year expense.

29. *Describe every step and communication involved in the process of Pinnacle West providing any contributions, donations or payments in support of any Arizona Corporation Commission races for 2014?*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses.

30. *What role did the following persons have in deciding upon and implementing any political activities or lobbying expenditures?*

- a. *CEO and President of Pinnacle West or APS;*
- b. *The Vice President, Federal Affairs of Pinnacle West or APS;*
- c. *The Vice President, State and Local Affairs of Pinnacle West or APS;*
- d. *Any other member of the Senior Management Team of Pinnacle West of APS;*
- e. *Any consultant or contractor to APS or Pinnacle West.*

RESPONSE: APS has not included any expense for any political activity or lobbying in its test year expense.

31. *Identify every Arizona elected official whom APS or Pinnacle West has requested call a Commissioner of the ACC and express support for a pending matter or decision.*

RESPONSE: I have no knowledge of any such request.

32. *Identify every instance in which any employee, officer, agent, consultant or contractor for APS or Pinnacle West has warned a city or other government official that APS or Pinnacle West may have pull its support for a civic or community event, and explain why APS or Pinnacle West was indicating it may not continue such funding.*

RESPONSE: I have no knowledge of any such instance.

33. *Describe all involvement of APS or Pinnacle West or their consultants, agents, employees, officers, or attorneys in interacting with independent expenditure groups of any kind since 2012 in connection with any ACC election.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS has not included any expense for any political activity in its test year expense, and any expense that may have occurred outside the test year is not relevant.

34. *Identify any and all lobbying expenditures made by Pinnacle West or APS during the years 2012 through 2016.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS has not included any expense for any lobbying in its test year expense, and any expense that may have occurred outside the test year is not relevant.

35. *Identify and describe all steps taken in connection with making any of the lobbying expenditures.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS has not included any expense for any lobbying in its test year expense, and any expense that may have occurred outside the test year is not relevant.

36. *Identify and describe all persons, whether an employee of APS or Pinnacle West or not, involved in any of the lobbying expenditures.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS has not included any expense for any lobbying in its test year expense, and any expense that may have occurred outside the test year is not relevant.

37. *Identify and describe in detail the exact process by which Pinnacle West or APS decide who to fund with charitable contributions or donations as it existed between January 1, 2012 and the present.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS has not included any expense for any charitable contributions in its test year expense, and any expense that may have occurred outside the test year is not relevant.

38. *Identify any and all candidates, potential candidates, lobbyists, campaign officials, political party officials, independent expenditure group agents, or political activity group members with whom any officer or agent of Pinnacle West or APS has*

*discussed any actual or potential expenditure or donation or contribution by Pinnacle West or APS since January 1, 2012.*

RESPONSE: Pinnacle West is not a party to this proceeding, therefore information related to Pinnacle West is not relevant. In addition, I cannot speak on behalf of Pinnacle West, nor do I have data on Pinnacle West expenses. APS has not included any expense for any political activity, lobbying expense, or charitable contributions in its test year expense, and any expense that may have occurred outside the test year is not relevant.

I declare that the foregoing responses are true and correct to the best of my knowledge and belief.

A handwritten signature in cursive script that reads "Barbara Lockwood". The signature is written in dark ink and is positioned above the printed name.

Barbara Lockwood